



Understanding Brokerage Fees

Savvy consumers know the importance of comparing prices on similar products to get the best value for their money. Likewise, when shopping for a brokerage firm to manage your investments, it is important to understand all of the fees you will be charged.

A **survey** conducted by the North American Securities Administrators Association (NASAA) found investors are confused regarding the fees brokers charge to service and maintain their brokerage accounts. The survey also revealed that the majority of investors (81 percent) feel these brokerage account fees are important.

While brokerage firms are required to disclose all fees to customers, they are largely free to decide how to do so. These fees can vary greatly from firm-to-firm and require customers to investigate what kinds of fees the firm charges and how much they will be charged before they invest.

These variations among firms can make it challenging for investors to comparison shop. Here are some tips that can help investors remain vigilant in their search for brokerage fee information:

- **Ask for the fee schedule up front and make sure it is the most up-to-date version.** Fees are typically disclosed to the investor when a brokerage account is opened. If fee information is not readily available, do not hand over any money until the fee schedule is provided to you. It is your right to know any fees in advance.
- **Watch for any changes in fees. Most brokerages will disclose fee changes at least 30 days in advance.** However, the method by which they disclose the information to investors can vary by firm. At your first meeting with a broker, ask how you will be notified regarding fee changes: email, postal mail, website posting, or some other method. Be sure to ask for fee information in writing before authorizing any services by the brokerage firm.
- **Be sure to read all of the fine print -- regardless of how the fees are disclosed -- and ask questions.** Fees may be disclosed by brokerages in table, chart, or list form. Some brokerage firms may only provide fee information in narrative form. As an investor, it is your right and responsibility to read and fully understand all of the information provided by the brokerage.
- **No matter the length, take the time to review all of the information provided and ask as many specific questions about services and associated fees as necessary.** There is currently no standardized length for the fee disclosure information provided to investors.

REMEMBER: Every brokerage firm and their investment representatives doing business with Pennsylvania residents must be registered with the Pennsylvania Department of Banking and Securities to lawfully sell you any security. If you have any questions or concerns about your investment or a brokerage firm, contact the department at **1.800.PA.BANKS** or visit **dobs.pa.gov** to learn more.

Special thanks to The North American Securities Administrators Association (NASAA) nasaa.org.